

PN 123 - 01/20/2006 - Lump Sum Minus Incentive - Proposal Note

The Contractor will be paid a Lump Sum Incentive as designated in the Lump Sum Minus Incentive Contract Table located on plan page _____ for completing the work before the completion date(s). The Lump Sum Incentive will be decreased by the Disincentive amount shown in the Lump Sum Minus Incentive Contract Table for each day that the Contractor does not have the items of critical work completed until the Lump Sum Incentive reaches zero.

In the event the Contractor impedes the flow of traffic subsequent to the completion of any listed critical work the Contractor shall be assessed liquidated damages as per C&MS 108.07 for each day or a portion of each day traffic is restricted.

Critical work is shown in the Lump Sum Minus Incentive Contract Table.

Critical work is defined as having the designated section of work open to unrestricted traffic as shown in the table, or the entire project if not otherwise listed.

Unrestricted traffic is defined as all traffic lanes being available for use at their final design width with all markings, RPM's, and safety features installed, along with no restrictions within 2 feet of the edge line on the shoulders.

Extensions of time will be for calendar days and calculated in accordance with C&MS 108.06 .

PN 123 - 01/20/2006 - Lump Sum Minus Incentive - Designer Notes:

For use with the 2005 C&MS.

Purpose and Benefits

Lump Sum Minus Incentives are similar to incentive/disincentive provisions discussed earlier, however, it establishes a large lump sum incentive for the Contractor, if a specific project or critical item of work is completed on time or ahead of schedule. Lump Sum Minus allows for time extensions due to weather days. The Lump Sum Incentive is decreased by the Disincentive amount for each time period the Contractor over runs the completion date for the section until the Lump Sum Incentive reaches zero. After the Lump Sum Incentive is reduced to zero, the Contractor is assessed Liquidated Damages as per C&MS 108.07.

Time Savings: A large incentive allows the Contractor to spend dollars to be innovative in all aspects of the contract to meet an aggressive completion date. The Contractor's innovative methods and aggressive schedule allows the project to be completed on or ahead of schedule.

Criteria for Selection

- The project is a high profile project having significant user delays, or other local impact.
- The project will be difficult to complete within the incentive time. (e.g.: a two year project complete in one season.)
- The project is large in dollar amount. (The incentive is typically 5% of the contract. The dollar amount must be enough to entice the Contractor to complete the project ahead of schedule.)
- The project is free from complicating issues such as utility conflicts, right-of-way acquisition or other unresolved issues. These issues may cause delays that may cause the Department to pay the Contractor the incentive payment even if they don't complete the critical work ahead of schedule.

Project Types

All time sensitive projects,
Small Projects - bridge projects or bituminous resurfacing
Mid-Level Projects- Interstate resurfacing, or minor rehabilitation.
Mega Projects- Corridor reconstruction or interstate rehabilitation.

Requirements / Conditions for use

- May include PN 107 (CPM schedule).
- Do not include PN 103 or PN 104 (Value Engineering Change Proposal)
- A Prebid Meeting may be held at the Districts discretion.
- The lump sum incentive payment shall not exceed more than five per cent of the total contract amount unless the Director or his designee determines that the work is so critical that a higher percentage is warranted.
- The Disincentive amounts are based upon assessing traffic safety, traffic maintenance and road user delay costs.

Note Variables that must be filled in:

1. Lump Sum Minus Contract Table (Must be included in the Plans General Notes)
 - A. Description of Critical Work
 - B. Completion Date
 - C. Lump Sum Incentive allowed (Maximum of 5% of contract amount)
 - D. Disincentive

Note to be included in the Plan General Notes (with *sample language*):

Lump Sum Minus Contract Table

Description or Location of Critical Work	Completion Date	Lump Sum Incentive \$	Disincentive per Day
<i>2 Lanes of FRA IR 71 NB from MM99 to MM101</i>	<i>6/25/2006</i>	<i>\$10,000</i>	<i>2000</i>
<i>Ramp from IR 270 NB to SR 161 EB</i>	<i>06/15/2006</i>	<i>\$10,000</i>	<i>1000</i>
<i>All other work to final inspection</i>	<i>05/15/2007</i>	<i>\$1000</i>	<i>500</i>